

RULES OF THE
ALABAMA DEPARTMENT OF REVENUE

CHAPTER 810-3-31

Imposition of Income Tax on Corporations

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810-3-31-.01 Tax on Corporations.

(1) Code § 40-18-31 provides that a corporation which is taxable under § 40-18-2 shall pay a tax equal to five percent (5%) of its taxable income, as defined in §§40-18-33 and 40-27-1. An Alabama affiliated group of corporations filing an Alabama consolidated income tax return pursuant to the provisions of § 40-18-39 shall pay a tax equal to five percent (5%) of the consolidated affiliated group taxable income. Any organization listed under subdivisions (1), (2), (3), (4), (5), (6), (7), (11) and (12) of § 40-18-32(a) as otherwise exempt from taxation under this chapter, is not exempt from taxation on any income which constitutes "unrelated business taxable income." Alabama S corporations are not subject to the tax imposed by § 40-18-31; however, Alabama S corporations may file composite returns and make composite income tax payments on behalf of its nonresident shareholders pursuant to the provisions of § 40-18-176.

Authors: Fred H. Pritchard and Chris Sherlock, Individual and Corporate Tax Division

Authority: §§ 40-2A-7(a)(5), 40-18-31 and 40-18-57, Code of Alabama 1975

History: Adopted through APA September 30, 1982.

Amended: June 17, 1988; Filed with LRS July 27, 1988.

Amended: Filed May 3, 2000, effective June 7, 2000.

810-3-31-.02 Determination of Income from Multistate Operations.

(1) Taxpayers having income from business activity which is taxable both within and without this state are required to allocate and apportion their taxable income pursuant to the provisions of the Multistate Tax Compact, Chapter 27, Title 40, Code of Alabama 1975.

Authors: Verlon R. Frost, Jeff Taylor and Chris Sherlock,
Individual and Corporate Tax Division

Authority: §§ 40-2A-7(a)(5) and 40-18-57, Code of Alabama 1975

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